GOVERNMENT OF INDIA
POWER
LOK SABHA

UNSTARRED QUESTION NO:1664
ANSWERED ON:28.11.2002
SETTING UP OF BHADRAWATI THERMAL POWER PLANT
SUBODH MOHITE

Will the Minister of POWER be pleased to state:

(a) whether the Government have withdrawn the permission for setting up a 1000 MW Bhadrawati Thermal Power Plant at Chandrapur in Maharashtra;

(b) if so, the reasons therefor;

(c) if not, the progress made with regard to setting up a project; and

(d) the facilities provided by NTPC and the Union Government for early setting up a project at Chandrapur?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (c) : The Memorandum of Understanding (MoU) for setting up a coal based power station of about 1000 MW capacity at Umred, district Nagpur in Maharashtra, was signed between M/s Nippon Denro Ispat Limited, M/s Ispat Alloys, companies of Ispat Group and the Maharashtra State Electricity Board (MSEB) on 18th June, 1993. The project was subsequently shifted to Bhadravati, district Chandrapur in Maharashtra. A generating company (special purpose vehicle), M/s Central India Power Company (CIPCO) has been set up by the promoters to implement the Bhadravati power project. The project was able to tie up various inputs/clearances including the techno-economic clearance of Central Electricity Authority (CEA), signing of the Power Purchase Agreement (PPA) and coal linkage etc. The project developers have recently informed that in view of the escrow capacity problems with MSEB as well as the recommendations of the Energy Review Committee set up by the Government of Maharashtra, the Bhadravati project has been kept on hold by MSEB/Government of Maharashtra. Meanwhile, CIPCO have now proposed to set up the Bhadravati power project with a capacity of 500 MW and sell the power to various States through the Power Trading Corporation. The Energy Review Committee set up by the Government of Maharashtra, has recommended that MSEB defer all PPAs with Independent Power Producers (IPPs) and re-examine them in accordance with the Least-Cost Plan and in any case, till such time, the demand levels in the State of Maharashtra permit full absorption of power generation from such IPPs.

MSEB, have also filed an affidavit before the High Court of Judicature at Bombay, Nagpur Bench, on Writ Petition No.2594/98 in which they have inter-alia undertaken not to go ahead with the Bhadravati project unless the dispute/issues relating to the Dabhol Power Project are sorted out amicably and the State`s energy requirement is picked up to the extent to absorb power from the Bhadravati in addition to the power available from the Dabhol project. The court, while admitting the writ petition, has passed an Interim Order on 26.3.2002 laying down that no further steps been taken for implementation of the project without further orders from them. A Special Leave Petition (SLP) filed before the Supreme Court by M/s Ispat Industries Ltd., has been dismissed with the observation that the remedy for filing an appropriate application before the High Court is available to the Petitioner.

(d) : In order to facilitate financial closure by the Bhadravati Power Project, the Government of India (GOI) had given counter guarantee to cover any payment liabilities of MSEB in the event of termination of the PPA and could be invoked in the event of MSEB failing to make such payment and Government of Maharashtra (GOM) as the primary guarantor also failing to make the payment. However, the GOI counter guarantee has lapsed due to inability of the project to fulfill certain conditions laid down in the counter guarantee. So far as the National Thermal Power Corporation (NTPC) is concerned, with a view to identify possible location for long term capacity addition programme, NTPC had prima facie examined a site near Madheri Village in Chandrapur for setting up a 1000 MW power plant. NTPC requested GOM for confirmation of water availability for the project before proceeding with further study on the project. Confirmation from GOM is awaited by NTPC.